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United States Steel Corporation Sheet and Tin Operations Irvin Works and United Steelworkers of America Local Union 2227

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BOARD OF ARBITRATION

Case No. USC-1862

December 30, 1964

ARBITRATION AWARD

UNITED STATES STEEL CORPORATION
SHEET AND TIN OPERATIONS
Irvin Works

and

Grievance No. A-63-87

UNITED STEELWORKERS OF AMERICA
Local Union No. 2227

Subject: Incentive Administration.

Statement of the Grievance: "The Union is stating in this grievance that Management is not living up to commitments to the Grievanceman concerning the change of incentive on #4 Temper Mill.

"Facts: The Union and Management agreed verbally to change the incentive on #4 Temper Mill. This was agreed to between the General Foreman of the Cold Strip Finish Department and the Grievanceman. Industrial Engineers made a time study and arrived at a new incentive. Now, after Management's commitment, the Superintendent of the Flat Products Division is requesting the Union to agree to eliminating one (1) of the Feeders as a condition of installing this new incentive. The Union contends that Management is

not living up to an agreement between Union and Company and is using this to benefit themselves and are not dealing in good faith.

"Remedy Requested: Union is requesting Management to live up to the agreement that was consummated between the General Foreman of the C.S.F. Department and the Grievanceman of this respective Department. Any loss in earnings to be retroactive."

This grievance was filed in the Second Step of the grievance procedure August 23, 1963.

Contract Provision Involved: Section 9-C-2-b of the April 6, 1962 Agreement, as amended June 29, 1963.

Statement of the Award: The grievance is denied.

BACKGROUND

Case No. USC-1862

This grievance from the Cold Strip Finishing Department of Irvin Works claims that Management is obligated to replace Incentive Application No. 682 under Section 9-C-2-b of the April 6, 1962 Agreement, as amended June 29, 1963, because of (1) an alleged agreement to do so, and (2) changed operating conditions resulting from installation of a reject piler.

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Incentive Application No. 682 was installed by mutual agreement in April of 1955 under Section 9-C-3 of the July 1, 1954 Agreement and covers a crew of five or six men who operate the No. 4 Sheet Temper Mill. Work of the crew is reflected by the number of lifts charged, prime or reject sheets temper rolled, lifts discharged, size changes, work roll sets changed, removals or installations of the oiling unit, coils charged, extra coils discharged, thousand linear feet processed, and actual operating hours on measured work. At the time of installation, the expected performance goal was 18% above base.

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From installation in April of 1955 through the first half of 1964, the annual average Index of Measured Performance was as follows:

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<u>Year</u>	<u>Annual Average IMP</u>
1955 (from April 17)	132%
1956	130%
1957	126%
1958	126%
1959	121%
1960	115%
1961	107%
1962	105%
1963	103%
1964 (through July 4)	102%

In October of 1956, Grievance A-56-34 was filed, seeking an adjustment of incentive standards for heavier sheets of .070 gauge and over and for smaller sheets under 29 inches wide

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and 90 inches long, among other items. This grievance was rejected by Management in Step 3 in June of 1957 and was not appealed to Step 4.

In April of 1957, Grievance A-57-36 was filed, requesting that the incentive be adjusted and claiming that increased sheet weights were hindering performance. This grievance was withdrawn from Step 1 because Grievance A-56-34 then was pending on the same subject. 5

In July of 1961, Grievance A-61-166 was filed requesting that Management install better standards for material processed and claiming that then existing standards did not provide equitable incentive compensation because of changes in materials processed and other conditions, and that the material had changed to predominantly heavy-gauge product, on which the employees could not realize equitable incentive earnings because it allegedly required more time and energy to process. The request of the grievance was rejected in Step 3 in February of 1962, and it was not prosecuted further. 6

The present grievance then was filed in August of 1963, alleging breach of a claimed oral agreement to change this incentive by General Foreman Raybuck and Grievance Committeeman Smith. Management denied any such agreement. The Step 3 discussions included mention of the alleged oral agreement, and the Union contended also that sufficient changes had been made on the No. 4 Sheet Temper Mill, namely, installation of a reject piler, to justify replacement of the incentive. After Management offered two proposals, to be installed by agreement under 9-F-2, which were rejected by the Union, the Step 3 Decision was that an appropriate incentive adjustment would be made to recognize installation of the reject piler. 7

In Step 4, the Union argued that installation of the reject piler required that the incentive be replaced. The Company said that no change requiring replacement had occurred and that Change No. 16, installed in October and made effective 8

as of August 23, 1963, was an appropriate adjustment of the incentive to account for the changed conditions flowing from installation of the reject piler, sufficient to maintain integrity of the incentive.

FINDINGS

To the extent that the Union continues to press the argument that there was an oral agreement requiring Management to change the incentive, it must be concluded that the argument fails for lack of proof. 9

At the hearing, the Union argued that installation of the reject piler was simply the last of a series of changed conditions, the cumulative effect of which required that the incentive be replaced. The previous changes alleged included advent of the Continuous Normalizing Line at some time in the past (the Company suggested it was in 1957), which was said to have resulted in running product on that line in coils which formerly had been run on this Mill in sheets, so that there was a change in product mix toward heavier gauge on this Mill. Similarly, the Union witness mentioned the installation of new levelers on the Shear Line at some unspecified time in the past (the Company suggested it was in 1959), as having reduced the amount of product rerolled on this Mill, rerolls being a good money maker in the Union view. 10

Both those situations arose, however, long before the filing and subsequent dropping of the last of the three prior grievances requesting adjustment or revision of this incentive. Moreover, although those two occurrences on other facilities might have affected the proportion of light- and heavy-gauge product run thereafter on the No. 4 Sheet Temper Mill, that result would not have required that this incentive be changed, since the original incentive contained standards for both ranges of product and the only consequence would have been that 11

some of those original standards, which increase as sheet weight increases, henceforth would have been applied more frequently than they had been in the past. That is, neither the Continuous Normalizing Line nor the new levelers resulted in the No. 4 Sheet Mill's running new product for which there were no established standards.

The only matter argued in detail at the hearing related to installation of the reject piler during the week of May 13, 1963. 12

Before that installation, the Inspector observed sheets passing on the line. When he saw a light sheet that was defective, he pushed a button to signal the Piler to push that light defective sheet into the reject pile. Defective sheets which were too heavy to be pushed manually into the reject pile were, however, put into the "prime" pile, which thereafter had to be separated by a hand-assorting operation. 13

The result, under the old system, was that, except for the number of defective light sheets which had been rejected by hand, the "prime" pile at the exit end of the Mill, containing defective heavy sheets, was nearly the same as the incoming pile of sheets which had been fed into the entry end. Thus, the incoming pile was about the same as the outgoing "prime" pile, and the Mill was able to run continuously, or nearly so, through each incoming pile without stopping. Each time the Mill was stopped to remove a "prime" pile, either of two "Per Lift Discharged" determinants in the incentive was actuated once. In addition, under the old system, the reject rack of light defective sheets which had been rejected by hand, was removed by the Service Crew and not by the Mill Crew, and that Service Crew also positioned an empty reject rack. 14

With installation of the mechanical reject piler, however, all defective sheets, light and heavy, are rejected at the Mill. This is accomplished by the Inspector's controlling a gate which throws the defective sheet up into the reject piler. Thus, under the new system, the prime pile contains 15

only prime sheets and, therefore, need not be further separated by assorting. Since the prime pile now goes direct to warehousing, however, it must be separated into individual customer lifts at the end of the Mill. This is done by the Piler who inserts blocks between individual customer lifts or who runs out such individual lifts. Each time such a separation is made, the Mill is stopped, and each time the prime pile is removed, either of the "Per Lift Discharged" determinants is actuated not just once, as under the old system, but as many times as there are separated customer "lifts" in that prime pile. Moreover, the present system requires that the Mill be stopped during removal of the reject rack, and certain members of the Mill Crew now must lower the size of the rack so that the crane can hoist it.

The Union thus argues that installation of the reject piler has so slowed the operation as to require replacement of the incentive. 16

The evidence indicates, however, that removal of a rack of rejects takes just under six minutes per occurrence, and a check of four pay periods in the Spring and Summer of 1964 when operations were at a relatively high level shows that over 58-1/2 operating turns, the reject rack had to be removed 22 times. This means that on the average the reject rack is removed a little more than once for every three operating turns. 17

Since the reject piler was not installed until the Spring of 1963, it cannot be responsible for the substantial drop in performance under this incentive which occurred over the years before that time. Moreover, an event which takes slightly more than two minutes per turn on the average cannot be said to be a change of such magnitude as to require replacement of an incentive under 9-B-2-b. Furthermore, the adequacy of Change No. 16 has not been questioned, since the Union demands that the incentive be replaced and, at any rate, it could not be found on this record that Change No. 16, prompted by necessity to stop the Mill for a little over two minutes per turn to remove reject racks, was not a sufficient adjustment to preserve integrity of the incentive. 18

As the dispute developed at the hearing, however, the Union complaint seems to relate more to the stopping of the Mill to insert blocks between separate customer orders in the prime pile than it does to stopping while the reject rack is removed.

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Management's hearing answer to that point is that the incentive always has had determinants for "Lift Discharged Simultaneously with a Lift Charged" and "Lift Discharged when no Lift is Charged." Since, under the system in effect before installation of the reject piler, one outgoing lift, as defined in Section 3 of the Incentive, was about equal to one incoming pile, either of those determinants was actuated once for each "pile" or "lift" discharged. Under the system in effect since installation of the reject piler, however, each outgoing pile, now blocked off into several separate "lifts," actuates either of the "Lift Discharged" determinants several times. Thus, although the Mill now stops more often, the increased stops result in increased applications of standards which were always in the incentive. The Industrial Engineers thus concluded that, although necessity to block off the prime pile into separate "lifts" now requires that the Mill be stopped more often than in the past, the substantially more frequent application of either of the "Lift Discharged" determinants actually compensates for the increased stopping of operations.

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A further problem arose when it became evident that Change No. 16, which was made in response to this grievance and which had inserted a new standard to recognize introduction of the reject piler, had been installed in October of 1963 and made retroactive to August 23 of that year, the date on which the written grievance was filed. The Union then argued that it should have been made retroactive to the time when the reject piler had been installed in May of 1963.

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The Company explained that it could not have made Change No. 16 retroactive to the date of installation of the reject piler in May because it did not know, for the period

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between May and October, when Change No. 16 was worked up, how many times a rack of rejects was removed, since those occurrences had not been reported under the old system. When in October Change No. 16 added a determinant for removing a rack of rejects, that event then began to be counted and reported and only thereafter was it known how often it occurred. Management did, however, on the basis of a rough retroactive reconstruction, apply Change No. 16 from October back to the date of the written grievance in August, apparently under 9-C-5-d. Although its study indicated that removal of a rack of rejects occurred less than once per turn, it applied the new determinant for the retroactive period between October and August on the basis of one such removal per turn as, in its view, a fair projection over a period for which it had no accurate information.

The Union's hearing request that Change No. 16 be made retroactive to May of 1963, when the reject piler was installed, cannot be sustained because, even if this grievance were treated as one arising under 9-C-5-d and requesting that the incentive be adjusted, that subsection states that "If the grievance is submitted to arbitration, the decision of the Board shall be effective as of the date when the grievance was filed," and Management made this adjustment retroactive to that date.

On cross-examination by the Union as to what in their opinion was the explanation for the drop in incentive performance, Company witnesses (the General Foreman of Cold Strip Finishing and the Industrial Engineer) stated that they felt that during the later years of operation under this incentive, i.e., several years before the grievance, as well as since it was filed, much of the decline in earnings was attributable to lack of effort by the crews. Specifically, it was shown that hand-feeding of sheets into the Mill over four pay periods in the Spring and Summer of 1964 averaged about 3,000 sheets per turn, with the range running between 2800 and 3300 sheets per turn. The Industrial Engineer said that this compared with examples of approximately 6,000 sheets per turn in 1955. The witness agreed that average sheet weight had increased from 43 pounds in 1955 to about 70 pounds in 1964, but Company Exhibit 4

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shows that 98% of all product over four pay periods in 1964 was 170 pounds and under, and only 2% was over 170 pounds and up to 375, rather than a typical turn's involving throwing of 300-pound sheets, as the Union had charged.

The General Foreman said that he often had told the crews over the years from 1961 that they were not exerting their best effort and that the crews admitted as much. 25

The record thus contains two possible explanations for the depressed incentive earnings: (1) One or more changes in product mix handled on this Mill and (2) the suggested decline in crew effort. It is unnecessary, however, for the Board to embrace either possible explanation as the conclusive reason for the drop in earnings because there would be no cause to require that the incentive be replaced, even if it be assumed that one or the other, or both, are responsible. 26

As filed and prosecuted through Step 3, the theory of the grievance was that there was a specific oral agreement to replace this incentive. That was not proved. Neither of the other two possible explanations for the drop in incentive earnings requires that the incentive be replaced, and there is no sufficient basis in this record to find that Change No. 16 was an improper adjustment. Accordingly, the grievance must be denied. 27

AWARD

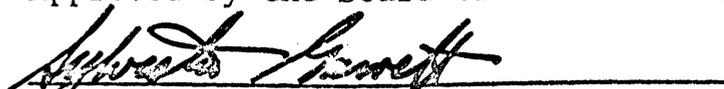
The grievance is denied. 28

Findings and Award recommended pursuant to Section 7-J of the Agreement, by



Clare B. McDermott
Assistant to the Chairman

Approved by the Board of Arbitration


Sylvester Garrett, Chairman